

MEMORANDUM

To: Members of the Senate Finance, Ways and Means Committee;
House Finance, Ways and Means Committee;
Senate General Welfare, Health and Human Resources Committee; and
House Health and Human Resources Committee

From: Zane Seals, Chief Financial Officer

Date: May 4, 2021

RE: TennCare Quarterly Report on Public Chapter 642, the Annual Coverage
Assessment Act of 2020

Tennessee Code Annotated 71-5-2005(g) requires the Bureau of TennCare to submit a quarterly report on the status and use of the Annual Coverage Assessment as follows:

- (1) The status if applicable of the determination and approval by CMS set forth in TCA 71-5-2003(b) of the annual coverage assessment.

The Center for Medicare and Medicaid Services approval for the Annual Coverage Assessment was received on June 30, 2010.

- (2) The balance of funds in the maintenance of coverage trust fund.

The estimated balance of the trust fund at July 1, 2020 was \$78,377,261.44.

- (3) The extent of which the maintenance of coverage trust fund has been used to carry out this part.

The third quarter's payments sent to hospitals totaled \$152,125,000. The ECF invoices mailed during the quarter totaled \$150,932,126. The ECF invoices paid during this quarter totaled \$150,529,611. Two hospitals that had not paid their assessment for previous quarters as of the date of this letter and had been suspended from receiving payments for subsequent quarters closed after invoices were mailed.

Item	Annual Cost of Reduction Item	ECF Required
Fund Uncompensated Charity and Self-Pay Pool	\$ 144,119,000	\$ 49,176,300
Fund Virtual DSH Payments	\$ 196,103,500	\$ 66,914,400
Fund Charity Care Pool	\$ 26,000,000	\$ 8,871,700
Fund Payments to Graduate Medical Education Institutions	\$ 50,000,000	\$ 17,061,000
Fund TN Center for Health Workforce Development Contract	\$ 2,198,000	\$ 750,000
Fund Medicare Part A Payments at Current Levels	\$ 35,550,400	\$ 12,130,500
Postpone Provider Reimbursement Reductions	\$ 209,178,400	\$ 71,375,900
Postpone Hospital Reimbursement Ceiling	\$ 62,461,800	\$ 21,313,200
Postpone 8 Inpatient Day Limit	\$ 145,674,400	\$ 49,707,000
Postpone Lab/X-ray benefit Limit	\$ 42,960,200	\$ 14,658,900
Postpone Office Visit benefit limit	\$ 52,249,800	\$ 17,828,700
Postpone Outpatient benefit limit	\$ 129,507,800	\$ 44,190,700
Postpone PT/OT/ST benefit limit	\$ 27,530,400	\$ 9,393,900
Fund Contract Payments for Admission, Discharge and Transfer Feeds	\$ 550,000	\$ 55,000
Postpone Reduction for Non-Emergent Care at Hospitals	\$ 1,678,800	\$ 572,800
Offset Elimination of 340B Pricing Provision of MCO Contractor Agreement	\$ 6,000,000	\$ 2,047,300

During the second quarter of State Fiscal Year 2021, \$43,138,625 of the trust fund was used to fund the hospital directed payment totaling \$152,125,000. The increase in the federal matching rate during the COVID-19 emergency has made the trust fund portion of the directed payment equivalent to 27.70% instead of the normal 33.90% rate.